

## 5 Ways Obama Can Boost Jobs

By Daniel Stone, September 5, 2011

Stuck between a dismal economy and an obstinate Congress, the president is gearing up for a high-stakes speech on getting America back to work. Daniel Stone talks to economists and offers a handful of ideas that may actually work.

Taking its name literally, White House staffers worked through the Labor Day weekend to put the finishing touches on President Obama's high-stakes speech Thursday to revive the sunken economy.

The president is expected to propose both short- and long-term options, all with the aim of getting Americans back to work, and to explain exactly how he plans to pay for each of the options.

A White House official tells The Daily Beast that Obama is going to use the word “all” to urge Congress to get behind any idea that economists have said could work. That includes programs that will show an immediate boost in employment, and some that may take longer to materialize into long-term growth. The strategy will also help cover the political risk of calling for ambitious ideas by supporting small ones too, and emphasizing that despite political realities, the president is willing to propose anything that will push the unemployment rate down.

During a press briefing last week, White House spokesman Jay Carney said that all of Obama's ideas will be paid for, a requisite to getting reticent Republicans on board. But other economic analysts, including top officials at the Economic Policy Institute, have said the president needs to try something big and bold, and be willing to spend borrowed money.

The Daily Beast spoke with government officials and economists about which ideas the president could try. Here are five of the options.



*President Obama addresses the American Legion convention last Tuesday in Minneapolis, Jim Mone / AP Photo*

1. Tax extensions. This may be the simplest idea, despite the fact that it works on a slow timeline and is hard to track, according to an analysis by the Economic Policy Institute. The Recovery Act included \$288 billion in tax incentives for companies and individuals, including payroll-tax credits and incentives for buying homes, paying for college, making buildings energy-efficient, and adding new employees to payrolls. The jury's still out on how effective it's been in creating jobs. Another round of tax cuts would force the government to borrow but would be nearly certain to get elusive Republican votes.

2. Infrastructure. Obama spoke last week about America's crumbling infrastructure and is likely to reprise the argument for more investment in roads, bridges, and schools. An analysis by Moody's Analytics found that infrastructure could be the quickest way to boost payrolls. An EPI study noted that a \$200 billion payment in 2012 and then again in 2013 could add 2 million jobs and get the unemployment rate close to 8.0 percent by the 2012 election.

3. Targeted local jolts. State governments have lost nearly 430,000 jobs since the recession officially ended in 2009—and they're on schedule to lose more. Obama could devote federal funds to help struggling states close budget gaps. Forty-two states and D.C. have budget deficits totaling \$103 billion, according to the Center on Budget and Policy Priorities, and Obama could instantly revive schools, hospitals, and public universities. The argument from Washington would be simple: this is your money anyway, and we want to give some back. As for states with governments opposed to spending, including Texas, South Carolina, and New Jersey—if you don't want a handout from Washington, you don't have to take it.

4. Cutting corporate taxes. Obama enraged his base last week by nullifying an environmental regulation on ozone. The backlash would be greater if he called for a cut in corporate taxes. But it could reasonably come with big payoffs. America's corporate tax rate tops out at 35 percent. Cutting it by 10 percentage points would cost the government \$70 billion but would instantly allow some industries to balloon, according to CBPP and several other independent analyses. Before long, America would be a more competitive place to do business—outcompeting countries like Denmark, Austria, and China—and would encourage companies to set up offices, and new payrolls, in the U.S.

5. Tout economic success and spur demand. To frame the legacy of his first term, Obama may argue that some parts of the economy have done well and can be examples for the rest of the nation's rusty fiscal framework. "There are some bright spots with certain aspects of the economy," says Mike Lubansky, a senior analyst with economic-monitoring firm Sageworks. "Private-company sales have been trending." Wholesale and retail trade, as well as technical, administrative, and waste-management fields, have shown record growth of net profits and new highs of profits-per-employee, according to data collected by the firm. Companies have been doing more with fewer hands. But in focusing on the demand side of the equation by getting people more money, Obama may say, these companies—and many others—would be forced to bring in new workers.

For the full story featuring Sageworks' private company data, please visit [Newsweek/The Daily Beast – 5 Ways Obama Can Boost Jobs](#).